

Minmetals Resources Limited (HK: 1208)

**Building a Major
International Diversified
Upstream Base Metals
Company**

**Michael Nossal
EGM Business Development**

Asia Mining 2011



五礦資源有限公司
MINMETALS RESOURCES LIMITED

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Contents

01 | **THE STORY SO FAR**

02 | **OVERVIEW OF 2010**

03 | **ORGANIC GROWTH PIPELINE**

04 | **A WORD ABOUT EXTERNAL GROWTH**

05 | **CONCLUSION**



THE STORY SO FAR

Mines take a long time to find and develop...

2009

- CMN bids for Oz Minerals, FIRB application denied
- Deal restructured to asset purchase, MMG formed

2010

- Strong operating performance
- MMR announces acquisition of MMG
- Transaction closes 31 Dec, creating HKEx listed platform

Q1 2011

- Planned divestment of downstream and trading businesses
- MMR announces intention to bid for Equinox Minerals

...mining companies evolve somewhat faster.



The New MMR...

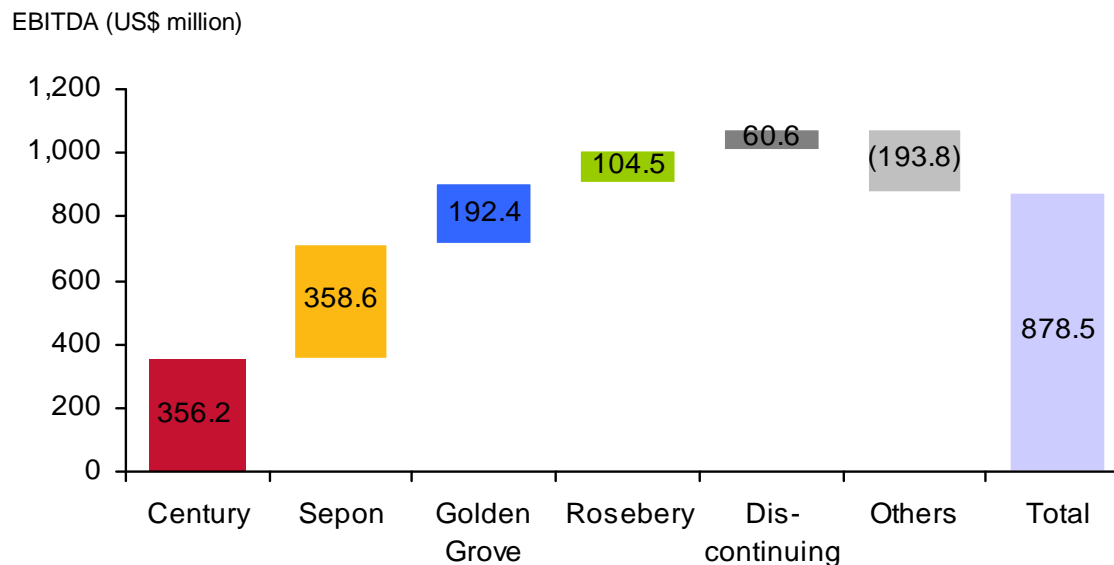
Re-positioning MMR post acquisition of MMG assets on 31 December 2010

- 1 An international diversified upstream base metals company**
- 2 Strong financial and operational performance**
- 3 Commitment to growth: organic, exploration and discovery, M & A**
- 4 Divestment of non-core trading and downstream assets**
- 5 China Minmetals commits to be a supportive majority shareholder**
- 6 Unique access to secure long term financing with CMC support**

2010 Financial Highlights

- EBITDA of US\$878.5 million on revenues of US\$3,582.1 million
- US\$323.2 million invested in capex
 - . US\$170.8 million for growth/development capex
 - . US\$152.4 million for sustaining capex
- US\$50.9 million invested in exploration

Segmental EBITDA



2011 Operational Highlights

Safety

- TRIFR down from 6.3 to 4.7
- LTIFR down from 1.0 to 0.3

Production / operations

- Production levels within or ahead of guidance
- Completion of significant capex
 - Sepon nameplate capacity expansion to 80ktpa, Golden Grove TSF3, Rosebery ventilation shaft

Exploration

- Upgraded resources and reserves statement
 - Annual production more than replenished by reserves increases
 - Positive impact on mine life
 - Possible extension at Century from mining lower grade material
- Active and substantial investment in exploration
 - Positive results from US\$50.9 million investment in exploration in 2010
 - Izok Lake and High Lake continue to look prospective
 - Other exploration projects in Indonesia, Canada, Australia

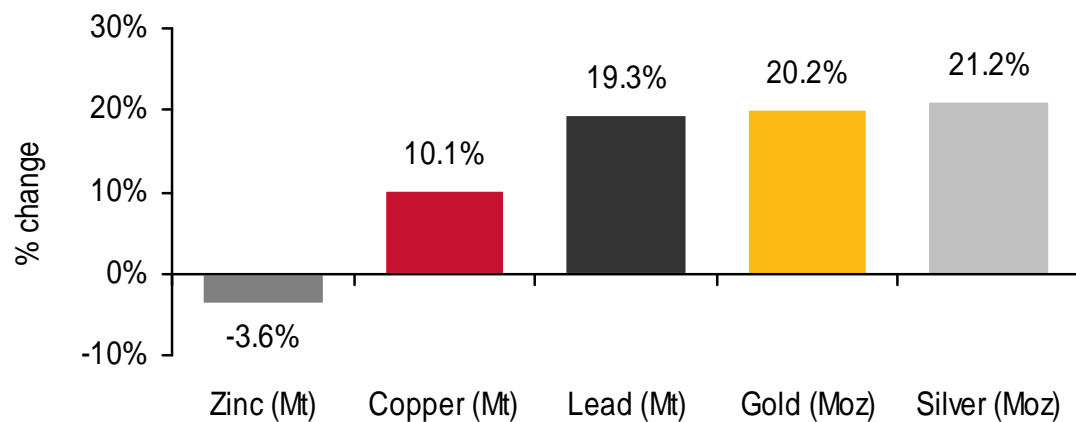
Development

- Dugald River project moving forward
 - Public consultation on Environmental Impact Statement completed
 - Project commitment expected 3Q 2011; indicated start of production early-2014

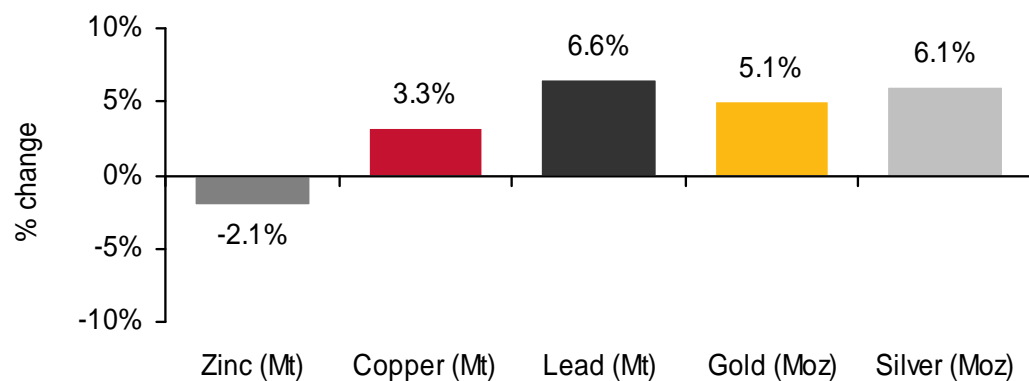


Significant Upgrade of Ore Reserves and Mineral Resources

Change in ore reserves (contained metal) Jun 10 vs. June 09



Change in mineral resources (contained metal) Jun 10 vs. Jun 09



Note: Data from MMG Mineral Resources and Ore Reserves Statement (in accordance to the JORC Code) as at 30 June 2010 as announced by MMR on 16 February 2011. Resources are inclusive of reserves

Century Operations

Location



Open-pit mine



Mining operations



Karumba port and dewatering facility



Segmental Performance – Century

	2010	2H 2010	1H 2010	2H 2009
Financial (US\$ million)				
Revenue	711.4	454.3	257.1	221.1
EBITDA	356.2	227.0	129.3	74.2
EBIT	136.9	87.9	48.8	(1.2)
Segment result	122.4	80.8	41.6	(12.4)
Operational				
Zinc produced (kt)	510.6	272.1	238.5	163.0
Lead produced (kt)	38.8	21.3	17.5	7.0
C1 costs (USc / lb Zn)	53.1	54.4	51.8	N/A

Production guidance 2011

Zinc (kt)	490	to	510
C1 costs (USc / lb)	50	to	55

Key developments

- Current mine plan shows production to mid-2015
- Study underway for further cutback to access additional resources
 - 4.8Mt @ 8.7% Zn (potential to extend mine life by approximately 1 year)
 - Production of ~300kt Zn and ~20kt Pb
 - Approximately US\$180m capex
 - Decision expected 1Q 2012
- Other projects include Silver King and phosphate study

Sepon Operations

Location



Mining operations



Processing facility



Copper cathode products



Segmental Performance – Sepon

	2010	2H 2010	1H 2010	2H 2009
Financial (US\$ million)				
Revenue	596.7	288.0	308.7	241.9
EBITDA	358.6	167.0	191.6	146.8
EBIT	343.8	161.7	182.0	130.5
Segment result	334.2	153.4	180.8	126.3
Operational				
Copper cathode produced (kt)	64.2	29.9	34.3	34.0
Gold produced (koz)	104.5	49.9	54.6	49.0
C1 costs (USc / lb Cu)	96.6	104.3	88.9	80.6
C1 costs (US\$ / oz Au)	609.3	700.7	518.0	547.8

Production guidance 2011

Copper cathode (kt)	75	to	80
C1 costs (USc / lb Cu)	95	to	100
Gold (koz)	70	to	85
C1 cost (US\$ / oz Au)	930	to	940

Key developments

- Copper Expansion complete; ramping up to nameplate capacity of 80kpta
- Cu reserves increased by 10% in 2010
- Thengkhamb copper pits being developed
- Primary gold scoping study nearing completion:
 - Potential to produce 100koz pa for 10+ years

Golden Grove Operations

Location



Mining operations



Processing facility



Flotation Cells



Segmental Performance – Golden Grove

	2010	2H 2010	1H 2010	2H 2009
Financial (US\$ million)				
Revenue	391.3	209.3	182.0	152.6
EBITDA	192.4	106.8	85.6	68.8
EBIT	155.6	90.1	65.5	54.4
Segment result	147.7	86.5	61.2	44.4
Operational				
Zinc produced (kt)	73.3	29.5	43.8	36.0
Copper produced (kt)	33.5	19.3	14.2	16.0
C1 costs (USc / lb Zn)	7.7	(23.6)	39.0	14.9

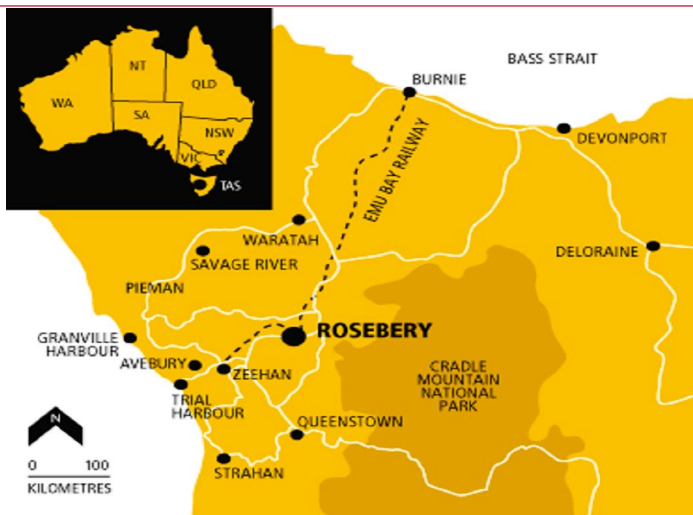
Production guidance 2011				
Zinc (kt)		83	to	87
Copper (kt)		19	to	22
C1 costs (USc / lb Zn)		15	to	20

Key developments

- Scuddles re-opening underway
- Copper oxide pit approved
 - Adds 3 years to mine life to 2018
 - Expected to commence construction
- Completion of TSF3 with 15 years life
- Exploration success continuing at Gossan Valley

Rosebery Operations

Location



Townsite



Mining operations



Concentrate product



Segmental Performance – Rosebery

	2010	2H 2010	1H 2010	2H 2009
Financial (US\$ million)				
Revenue	220.5	123.6	96.9	122.0
EBITDA	104.5	65.2	39.3	57.9
EBIT	78.8	52.1	26.7	43.9
Segment result	76.8	50.4	26.4	43.3
Operational				
Zinc produced (kt)	86.3	48.2	38.1	46.0
Lead produced (kt)	28.9	14.9	14.0	14.0
C1 costs (USc / lb Zn)	28.4	5.8	51.0	28.3

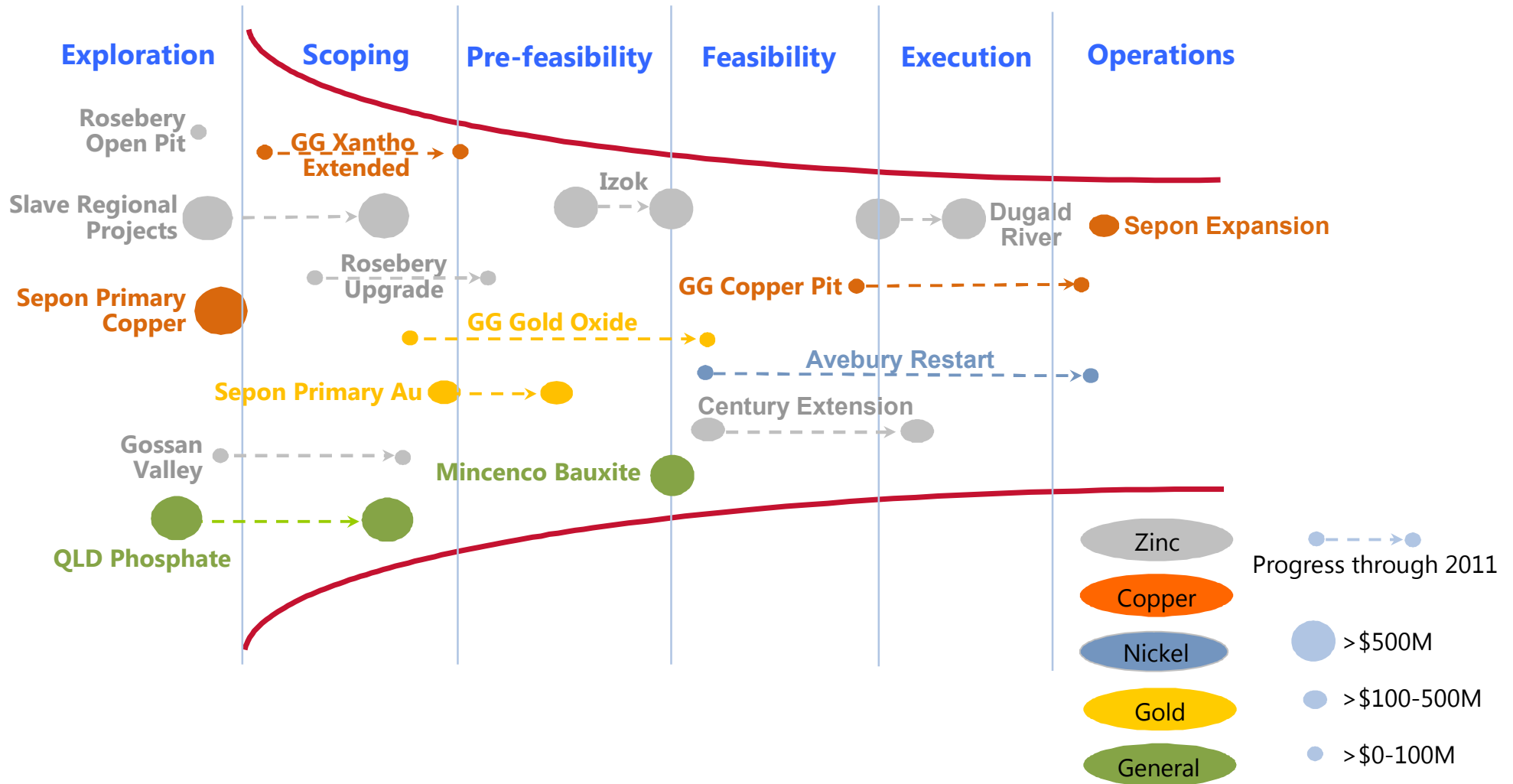
Key developments

- Ventilation shaft completed
- Zn resource increased by 11.5% in 2010
- Deep drilling continues
 - promising indications
- Surface upgrade option; study underway

Production guidance 2011

Zinc (kt)	80	to	83
Lead (kt)	24	to	25
C1 costs (USc / lb Zn)	15	to	20

Organic Growth Pipeline



Dugald River Project

Overview

- High grade, world-scale deposit; 53Mt at 16% Zn equivalent grade (12.5% Zn; 1.9% Pb; 36g/t Ag)
- Planned 200ktpa Zn for +23 years
- Pre-Commitment activities underway
- Expect MMR Approval 3Q 2011
- Subject to permitting, first production expected 1H 2014
- Indicative Capex US\$850 . 950m
- Projected C1 costs ~US\$0.65/lb (based on 200ktpa Zn in concentrate, excluding approximately 25ktpa Pb and 900koz Ag of by-product credits)

Location



Dugald River Project



Izok Lake Project

Overview

- Izok resource: 15Mt at 27% Zn eq.
- PFS-level study:
 - 11-year open pit and u/g mine
 - 150 ktpa Zn and 30 ktpa Cu
- Plan for 2011:
 - >20,000m of drilling
 - Final infrastructure study
- Target:
 - Start permitting process by end 2011
 - Indicated production 2016 - 2017

Location



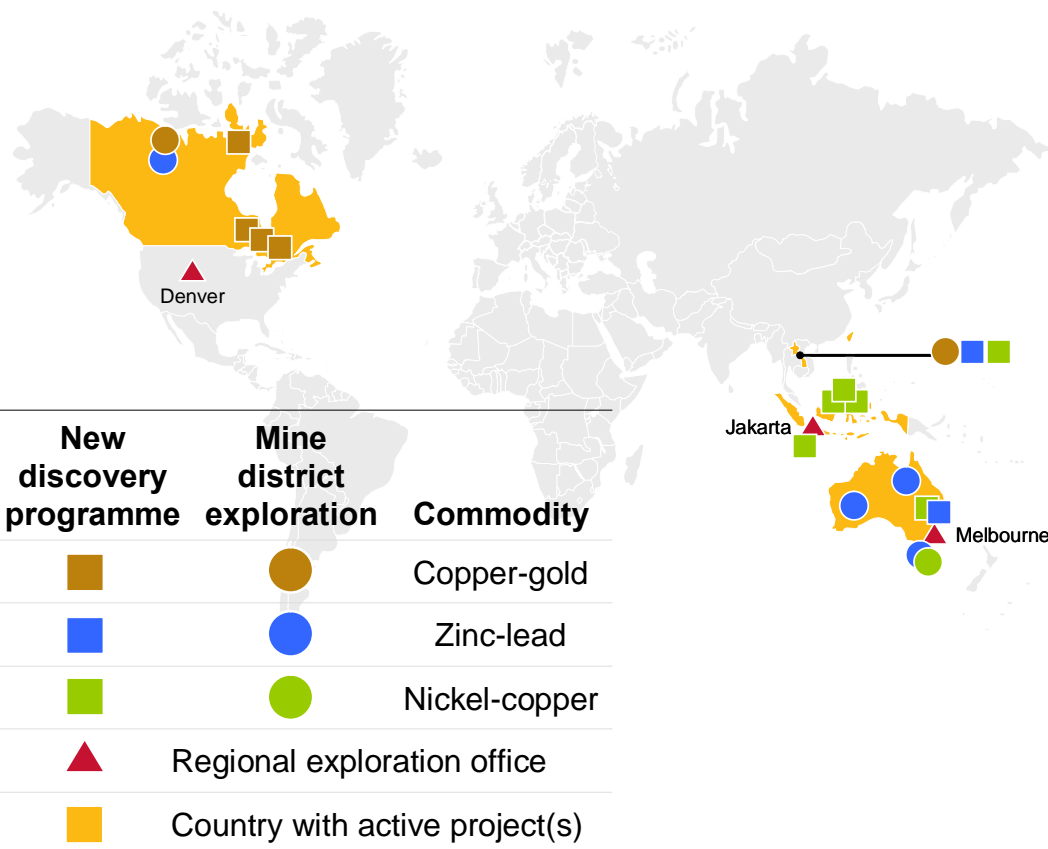
Izok Lake Project



Dugald River plus Izok Lake targeted to replace Century in Zn eq. by 2017

Our Exploration Strategy

- Focused on copper, zinc, nickel and gold (Sepon)
- Exploration spending of ~US\$60 million per annum in 2011 and 2012
- Target regions: Australia, North America, Asia, Africa



3 Tiered Sub-strategy

Mine District – ~ 70% of budget,
Short-term value add - <1 year

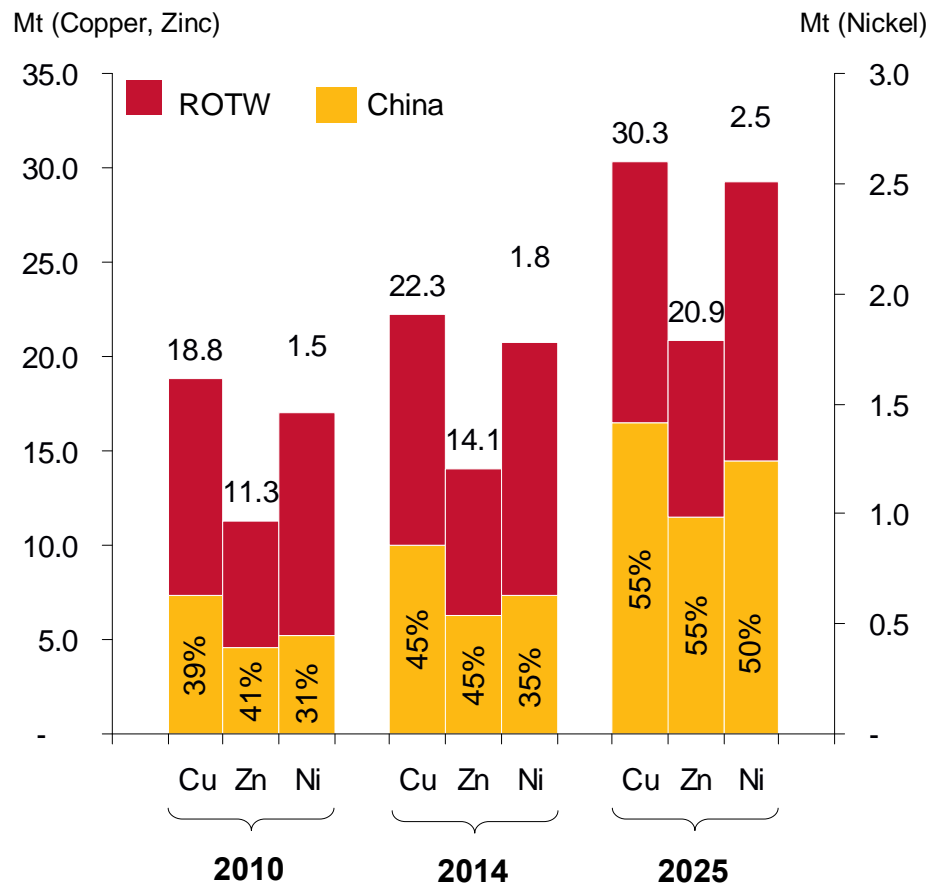
New Discovery . ~20% of budget,
Mid term value add . 1 to 3 years

Project Generation . ~10% of
budget, Long term value add and seed
capital into core intellectual property .
3 to 5 years

The External Environment

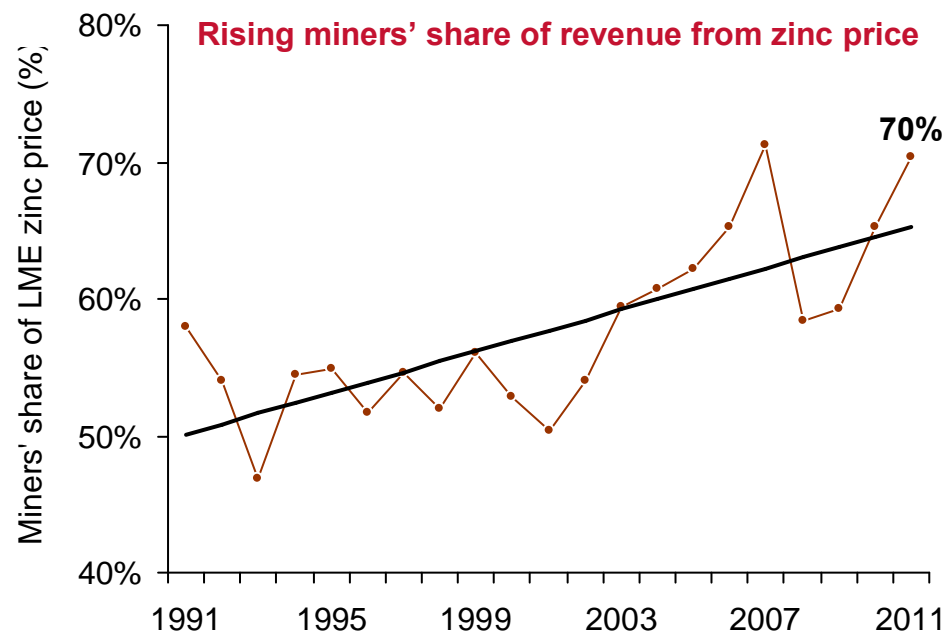
Rapid urbanization will drive China's appetite for commodities to expand further

China's growing consumption of base metals



Source: EIU, Brook Hunt

Continued revenue shift towards miners



- Zinc revenue continues the progressive long-term structural shift away from smelters, towards mines
- Copper and lead miners capture even more price rise upside as concentrates already sell on flat terms

Source: Brokers research report

A WORD ABOUT EXTERNAL GROWTH

MMR has announced intention to make attractive all-cash offer for Equinox

Proposed Offer	<ul style="list-style-type: none">▪ All cash offer of C\$7.00 per Equinox Minerals Limited (“Equinox”) share<ul style="list-style-type: none">– Substantial 33% premium to the 20 trading day VWAP of Equinox shares on the TSX to April 1, 2011– Cash offer provides certainty of value and timing in realising investment
Financing	<ul style="list-style-type: none">▪ Expected to be financed through a combination of existing cash reserves, long-term credit facilities from Chinese banks, and equity including financial investments in MMR by Chinese institutions. The proposed offer is supported by MMR’s ultimate controlling shareholder, China Minmetals Corporation
Key Offer Conditions	<ul style="list-style-type: none">▪ Conditional on termination of Equinox’s acquisition of Lundin without any Lundin shares being taken up▪ Minimum acceptance condition: two-thirds of outstanding Equinox shares (including shares held by MMR)▪ MMR shareholder approval required<ul style="list-style-type: none">– MMR’s majority shareholder, China Minmetals Corporation, supports the acquisition and will require NDRC approval to support the vote▪ Other conditions and regulatory approvals (including approval under the Australian Foreign Acquisitions and Takeovers Act)

A WORD ABOUT EXTERNAL GROWTH – cont.

Targeted Value-Focused M&A

	MMR criteria	Equinox
Commodities	<ul style="list-style-type: none"> ▪ Copper, zinc, lead, nickel, bauxite 	<ul style="list-style-type: none"> ✓ Pure copper asset
Geographies	<ul style="list-style-type: none"> ▪ Careful analysis of political and operational risk 	<ul style="list-style-type: none"> ✓ Saudi Arabia and Zambia are considered to have acceptable political risk
Scale	<ul style="list-style-type: none"> ▪ Must be meaningful to MMR's scale 	<ul style="list-style-type: none"> ✓ 230ktpa copper equivalent producer from 2013 ✓ Copper reserves of 2.6Mt and resources of 6.8Mt ✓ FY10 EBITDA US\$530m
Stage of development	<ul style="list-style-type: none"> ▪ Prefer producing assets ▪ Can add value to early-stage assets and expansions 	<ul style="list-style-type: none"> ✓ Lumwana in production with expansion options ✓ Jabal Sayid production commencing in 2012

Note: US\$530m EBITDA calculated as net income US\$269m adding back income tax US\$137m, financing costs US\$38m, depreciation and amortisation US\$76m, Citadel acquisition costs US\$10m
 Source: Equinox 2010 results and publicly announced guidance

Equinox is an excellent fit with MMR's strategy to grow its upstream base metals business

CONCLUSION

MMR:

- is now an international diversified upstream base metals business
- has generated strong financial and operational performance
- has a strong development and exploration pipeline
- is a highly-differentiated investment opportunity on the Hong Kong market
- has the support of China Minmetals Corporation

...MMR is bigger, stronger and ready to grow.